

AMENDED IN ASSEMBLY APRIL 5, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 523

Introduced by Assembly ~~Member Matthews~~ Members *Matthews and Migden*

(Principal coauthor: Senator Ortiz)

(Coauthors: Assembly Members Aroner, Briggs, Havice, Nation, and Strom-Martin)

(Coauthor: Senator Soto)

February 21, 2001

An act to add Section 6369.6 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 523, as amended, Matthews. Sales and use taxes: exemptions: bronchodilators.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax, including an exemption for specified medicines.

This bill would additionally exempt bronchodilators, ~~purchased for personal use~~, from the imposition of California's sales and use taxes and would make related legislative findings and declarations.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Californians are unfairly taxed by the imposition of sales
4 and use taxes on the necessities of life.

5 (b) Necessities of life include nonprescription medication,
6 hygiene products, and other products necessary to maintain a
7 person's health and well-being.

8 (c) The Legislature has previously declared its intent to exempt
9 necessities of life, such as food products and prescription
10 medicines, from California's sales and use taxes.

11 (d) The Legislature can rectify unfair tax practices by
12 identifying as necessities of life those products, such as
13 bronchodilators, that should be exempted from the imposition of
14 California's sales and use taxes.

15 (e) California's Central Valley is a region containing a very
16 high concentration of naturally borne contaminants that cause hay
17 fever and exacerbate the effects of persons afflicted with asthma
18 and emphysema.

19 (f) Bronchodilators are necessary for the treatment of hay
20 fever, asthma and emphysema, and qualify as necessities of life.

21 (g) Until recently, bronchodilators, or asthma inhalers, as they
22 are commonly referred to, could only be obtained from a licensed
23 pharmacist, as prescribed by a physician, and were exempted from
24 the imposition of California's sales and use tax.



1 (h) Bronchodilators can now be purchased without a
2 physician's prescription, and are therefore now subject to the
3 imposition of California's sales and use taxes.

4 SEC. 2. Section 6369.6 is added to the Revenue and Taxation
5 Code, to read:

6 6369.6. There are exempted from the taxes imposed by this
7 part, the gross receipts from the sale in this state of, and the storage,
8 use, or other consumption in this state of, bronchodilators when
9 sold to an individual ~~for the personal use of that individual.~~

10 SEC. 3. Notwithstanding Section 2230 of the Revenue and
11 Taxation Code, no appropriation is made by this act and the state
12 shall not reimburse any local agency for any sales and use tax
13 revenues lost by it under this act.

14 SEC. 4. This act provides for a tax levy within the meaning of
15 Article IV of the Constitution and shall go into immediate effect.
16 However, the provisions of this act shall become operative on the
17 first day of the first calendar quarter commencing more than 90
18 days after the effective date of this act.